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Supreme Court of the United States

ROSENRUIST-GESTAO E SERVICOS LDA,
formerly known as ROSENRUIST-GESTAO E SERVICOS SOCIEDADE UNIPESSOAL LDA,

Petitioner,

v.

VIRGIN ENTERPRISES LIMITED,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

REPLY BRIEF

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STATEMENT PURSUANT TO RULE 29.6

Petitioner's corporate disclosure statement was set forth at page *iii* of its Petition for a Writ of Certiorari, and there are no amendments to that statement.

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INTRODUCTION

Petitioner Rosenruist-Gestao E Servicos LDA's petition raises an important federal question, the outcome of which will impact the foreign relations of the United States, especially as related to the worldwide examination of patent and trademark applications. The petition notes the different interpretations among the circuit courts regarding the scope of 35 U.S.C. § 24 and suggestions in these decisions that these conflicts deserve the attention of this Court.

Put bluntly, respondent Virgin Enterprises Limited's ("VEL") Brief in Opposition ducks the merits of the important federal questions involved in this appeal, attempting instead to selectively comment on non-germane portions of the proceedings before the United States Patent and Trademark Office. VEL's first mention of 35 U.S.C. § 24, the central statute to be interpreted, does not occur until the bottom of page 24 of its 27 page brief. But, as stated in the dissenting opinion,

> The decision to extend the subpoena power under 35 U.S.C. § 24 to foreign companies situated similarly to Rosenruist is one that is plainly before this court, and its importance warrants full discussion.

(Pet. App. 26a).

The question presented is whether 35 U.S.C. § 24, which authorizes a district court to subpoena a witness "residing or being within such district," confers the authority to subpoena alien witnesses located in foreign countries who have no connection with the district other than an agent to receive service of process to travel to the district for deposition.

If the decision below is not reversed, the ultimate result is that 35 U.S.C. § 24 will have been dispositively expanded, and the contrary views of other circuits as to the limitations of the statute will be ineffective. As noted in the dissent, "[T]he majority creates a standard that is in fact a national one. . . . Indeed, for any foreign corporation without a pre-existing United States presence, the majority's decision will be controlling." (Pet. App. 26a).

I. VEL'S ARGUMENT THAT THE DECISION BELOW IS CLEARLY CORRECT IS WITHOUT MERIT AND CONTRARY TO THE RECORD

Other than engaging in a contorted procedural account of issues not germane to the questions presented, VEL identifies only three grounds for its contention that the majority opinion is correct. Nowhere in VEL's Brief in Opposition does it even mention the multi-faceted rationale for Judge Wilkinson's dissent, let alone attempt to address his analysis.

A. 28 U.S.C. § 1783 strongly supports a conclusion that 35 U.S.C. § 24 is to be read consistently with principles of comity and restraint in foreign relations.

VEL characterizes as "frivolous" Rosenruist's argument that construing the subpoena power of Section 24 to authorize compulsion of a foreign national to travel to the United States to testify is contrary to the intent of Congress. Regarding congressional intent, VEL argues that 28 U.S.C. § 1783 offers no support for a limitation on compulsory attendance of a non-resident foreign national. VEL asserts that Section 1783 refers only to a U.S. national. But this is precisely the point. Congress deliberately decided not to extend the subpoena power of a district court to include non-resident aliens.

Congress's election to limit the subpoena power was specifically stated in the legislative history of Section 1783, and it corresponds with the prior restriction imposed by this Court in *Blackmer v. United States*, 284 U.S. 421 (1932). "The purpose of the different language used with respect to noncriminal cases is to restrict still further the extraordinary subpena [sic] power in such cases." S. Rep. 88-1580, at 10 (1964), *reprinted in* 1964 U.S.C.C.A.N. 3782, 3790-91. Section 1783 embraces this Court's holding in *Blackmer*. The failure of the majority opinion to give *Blackmer* or Section 1783 any recognition does not render the statutory limitations frivolous. Rather, it emphasizes the error in disregarding this Court's clearly expressed holding and the corresponding legislative intent expressed in the 1964 amendments to Section 1783.

B. The question of whether a witness not residing or being in the district is within the subpoena power of 35 U.S.C. § 24 is independent of a claim of unreasonable burden that may be asserted by a witness who is within the power of the district court.

VEL's second reason for asserting that the decision below is correct is that a subpoenaed entity can seek relief on grounds of undue burden. This argument merely sidesteps the fundamental issue, which is that 35 U.S.C. § 24, by its very terms, is limited to "a witness residing or being within such district." The issue is one of lack of authorization under the terms of Section 24 and the conflict with principles articulated in *Blackmer* and in 28 U.S.C. § 1783. By pointing to Federal Rule of Civil Procedure 45, VEL once again attempts to interject non-determinative procedural rules in an effort to avoid the significant policy issues presented in this appeal.

C. The USPTO recognizes multiple alternative means for obtaining discovery from foreign applicants and Rosenruist has never argued that resort to the Hague Convention is the sole means available for obtaining discovery.

The third of the grounds alleged by VEL to support the correctness of the decision below is based upon a gross mischaracterization of Rosenruist's position and the nature of the appealed district court order from which the appeal originated. VEL's Brief in Opposition page 26, citing to *Societe Nationale Industrielle Aerospaciale v. United States Dist. Court for the S. Dist. Of Iowa*, 482 U.S. 522 (1987), states that Rosenruist

asserted in its Petition at page 16-17 that VEL "was required" to proceed under the Hague Convention on taking Evidence Abroad in Civil Or Commercial Matters. (Opp. 26). Rosenruist is well aware of *Societe Nationale* and never made any such assertion either in its Petition herein or in the proceedings below.

What Rosenruist did say is that the TTAB Manual of Procedure expressly recognizes a limitation on the ability to require non-resident aliens to appear for deposition in the United States. (Pet. 16, 17). Accordingly, the TTAB Manual of Procedure lists several alternative methods of obtaining testimony: deposition on written questions; letters rogatory; and requests made pursuant to the Hague Convention. TBMP §§ 703.01(f) and 703.02.

Rosenruist has never argued that the Hague Convention deprives the district court of jurisdiction it otherwise possesses. The fallacy underlying VEL's erroneous statement of Rosenruist's argument, is that the district court never "otherwise possessed" jurisdiction over Rosenruist for purposes of commanding Rosenruist to appear and testify because 35 U.S.C. § 24 limits this subpoena power to witnesses "residing or being with the district," and Rosenruist has no contact with the Eastern District of Virginia other than the designation of an agent for the limited power of accepting service of process.[1] This is insufficient to confer general or specific jurisdiction. (dissent, Pet. App. 31a).

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1. 15 U.S.C. § 1051(e) does not purport to require designation of a general agent. The narrow requirement of Section 1051(e) is limited to acceptance of service – i.e., to ensure notice to an affected party, but not to act generally on behalf of the party.

II. OTHER THAN ABBREVIATED ARGUMENT THAT THE FOURTH CIRCUIT DECISION BELOW WAS CORRECT, THE REMAINDER OF VEL'S OPPOSITION CONSISTS OF FOUR ADDITIONAL CONTENTIONS, NONE OF WHICH HAVE ANY MERIT

A. No cross-appeal was necessary.

VEL's first contention is that Rosenruist was obliged to file a cross-appeal in order to present the questions raised herein. The error of this argument is immediately apparent as set forth in the dissenting opinion, discussion appearing at Pet. App. 43a. As noted in that dissent, the judgment of the district court was that Rosenruist could not be compelled to appear at a deposition in the Eastern District of Virginia because of the requirement of the "witness residing or being within [the] district" language of 35 U.S.C. § 24. The majority in the Fourth Circuit opinion ruled that it could.

In its appeal to the Fourth Circuit, VEL itself described the issue as follows: "This case concerns the scope of the District Court's subpoena power under 35 U.S.C. § 24." (Fourth Circuit Brief for Appellant at 3). Similarly, Rosenruist stated the issue as: "Whether the District Court correctly denied VEL's motion to compel, subsequent to the Court's satisfying itself that Rosenruist had no 'witness' under 35 U.S.C. § 24 residing or being in the district." (Fourth Circuit Brief for Appellee at 4). The dissent in the Fourth Circuit opinion noted:

> Rosenruist is seeking to affirm the judgment declining to enforce the subpoena, not to

> modify any part of it, and a party seeking affirmance of a judgment need not lodge a cross-appeal to have that affirmance rest on an alternate ground. In view of the fact that this is a single judgment, and Rosenruist prevailed on that judgment, one cannot possibly saddle Rosenruist –as the majority has – with the obligation to file a cross appeal.

(Pet. App. 34a).[2]

B. The Questions Presented concern the fundamental and ongoing issues in this action.

VEL's next contention is that the questions presented in this petition are not the questions presented by this case. This argument is based upon a distorted and immaterial recitation of selected proceedings before the USPTO, none of which decide the scope of 35 U.S.C. § 24. Nor do the PTO proceedings resolve different interpretations as to the scope of § 24 among the circuits.

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2. VEL's analogy to the facts of *Northwest Airlines, Inc. v. County of Kent*, 510 U.S. 355 (1994), is inapposite because Rosenruist does not challenge the district court's authority "to do anything at all," as VEL alleges, but rather challenges only the district court's authority to compel the appearance and testimony of foreign alien witnesses with no connection to the district other than a contested trademark application before the USPTO. This challenge is based on the "witness residing or being within" language of 35 U.S.C. § 24, which only is implicated in compelling an appearance in the district and not, for example, in compelling deposition upon written questions.

C. No court has ever interpreted 35 U.S.C. § 24 to authorize compulsory attendance in the Eastern District of Virginia of a foreign entity which has no presence in the District.

VEL's third contention is that the questions presented herein are peculiar to what it calls a highly unusual case. VEL argues that the Court should not resolve an issue of apparent first impression because for 130 years no prior litigant has ever thought to raise them.[3] VEL would have been well advised to read the opening (and unchallenged) first sentence of the dissent:

> *In a first for any federal court*, my colleagues hold that a foreign company that has no United States employees, locations, or business activities must produce a designee to testify at a deposition in the Eastern District of Virginia so long as it has applied for trademark registration with a government office located there.

(Pet. App. 25a (emphasis added)).

It is not that the issues presented herein are so meritless that no prior litigant has ever thought to raise them as VEL urges, but, rather, that no party to a PTO proceeding previously has sought to over-expand the scope of Section 24 in a manner hostile to established principles of comity and international relationships long observed by both Congress and this Court.

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3. Although this petition does present issues of first impression, Section 24 was enacted in 1952 with the Patent Act and has not existed for 130 years.

D. There is a conflict among the circuits in their determination of the scope of 35 U.S.C. § 24.

In the last of its preliminary contentions prior to finally addressing whether the decision below was correct, VEL asserts that the decision below does not conflict with the decision of any other court because it permits only what the PTO rules permit.

VEL acknowledges that Section 24 exists to facilitate the taking of testimony *that PTO Rules permit* and asserts that the testimonial deposition it seeks is expressly permitted by the PTO rules. (Opp. 24). VEL is mistaken. The TTAB Manual of Procedure, which constitutes the agency's interpretation as to the scope and applicability of its rules, plainly distinguishes between the testimony of a witness *residing in the United States*, TBMP § 703.01(f)(2), and an unwilling witness in a foreign country, TBMP § 703.01(f)(3). For a witness residing in the United States there is specific reference to 35 U.S.C. § 24 as the available method of securing testimony. By contrast, Section 703.01(f)(3) does not refer to the use of Section 24, but does designate two alternate means of securing testimony in addition to the availability of depositions upon written questions as authorized in Section 703.02 and the PTO rules noted therein.

VEL was unable to cite any PTO provision authorizing the subpoena of a foreign witness. Also, VEL failed to acknowledge the divergent views of Section 24 expressed by the circuits. In *Sheehan v. Doyle*, 529 F.2d 38, 40 (1st Cir. 1976), the First Circuit referred specifically to the regrettable uncertainty created by the split in the circuits and suggested that the Supreme Court may think it desirable to terminate the divergent interpretations that now exist. It is difficult to ascertain the basis for VEL's assertion that there is no such conflict.

CONCLUSION

VEI's opposition fails to articulate any meritous reason why this Court should not resolve the conflicts expressed by the circuit courts as to the scope of Section 24. The majority opinion of the Fourth Circuit is inconsistent with the reading of the statute by the First, Third, and Fifth Circuits (*see* Pet. 9-10) and would impose a national standard of compulsory attendance in the United States for all foreign applicants for a United States patent or trademark.

The dissonance with the worldwide functioning of the patent and trademark system is apparent, as is the likely consequence that foreign patent and trademarks offices will impose severely unreasonable demands upon United States applicants for foreign patent or trademark prosecution.

The majority's interpretation of 35 U.S.C. § 24 conflicts with statutory intent, existing precedent, and principles of restraint and comity long recognized by this Court. The policy implications as well as the conflicting views of the circuits strongly support grant of this petition.

Respectfully submitted,

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